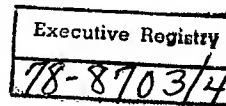


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OLC 78-0049/4

GAO

18 MAY 1978

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Acting Legislative Counsel

SUBJECT: GAO Audits and Program Reviews

REFERENCE: Your Memorandum to General Counsel,
Legislative Counsel, and Deputy Director
for Resource Management; Subject: GAO
Audits; dated April 28, 1978

1. You have asked for my comments on your memorandum relating the results of your lunch with Comptroller General Staats.

2. Our current policy vis-a-vis GAO is divided into two parts: 1) substantive non-compartmented intelligence; and 2) compartmented information which deals both with substantive intelligence which might reveal sources and methods and information on sources and methods. Admiral Turner has agreed to discuss with GAO, on a case-by-case basis, requests for non-compartmented substantive intelligence and to provide such information to the degree necessary to enable GAO to accomplish its mission. On compartmented substantive intelligence revealing sources and methods and information on sources and methods, the policy has been to deal not through GAO but only with the congressional committee requesting the GAO study. This, of course, eliminates self-initiated GAO audits and reviews involving compartmented and operational matters.

3. The implementation of the above mentioned policy has led to a stand down to date on providing compartmented and operational information to GAO. However, it is obvious from your conversation with Staats that this policy has not been totally accepted by him and GAO staffers continue to request compartmented clearances. The latest

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request was received on 15 May for two SI-TK clearances for GAO staffers, which they need in order to review compartmented material on terrorism at State. The material in State's possession is 99 per cent CIA's and State has indicated that they have already given them sufficient declassified information to satisfy their needs, but GAO still insists on seeing the compartmented information. On this latest request, we have indicated that we are reviewing our policy and would advise them as soon as we have completed our review.

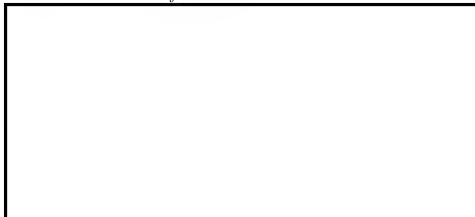
4. It appears to me that before making any changes in the above policy, we should test the water with our oversight committees to determine what support we can expect for the above policy. While Staats indicated to you that he would have the backing of our oversight committees, my impression from the committees is to the contrary. I believe that if we can get our committees to focus on this issue, they will take the position that GAO should run their requests for compartmented information through the oversight committees, as proposed in S. 2525. Otherwise, they will lose some control over matters under their jurisdiction, i.e., an incursion into their turf by GAO. If we are unable to obtain committee backing for our policy, then our best bet would be to negotiate a change in our policy along the lines suggested in your memo.

5. Your proposal, as I understand it, would be to handle all GAO requests, including those involving compartmented matters, on a case-by-case basis not just the requests for non-compartmented substantive intelligence. Under this proposal, we would still have the knotty problem of developing policy guidelines which could be applied on a case-by-case basis. Such guidelines would have to address the issue of just how far we should go in providing compartmented information which might reveal sources and methods and whether GAO self-initiated studies are to be treated the same as studies based on congressional requests.

6. Once such policy guidelines were formulated, the mechanisms for security control as set out in paragraph 4 of your memo could be worked out. One area mentioned by Staats which I do not fully understand is his willingness not to circulate his reports to third agencies. If this would include not circulating reports to committees of Congress then I do not see what Staats is accomplishing with respect to his role as the investigating arm of Congress. If he intends for Congress to get such reports, then why would he not be willing to follow the procedures suggested in S. 2525?

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7. The bottom line, of course, is just how far you and Admiral Turner feel we need to recede from our current policy. Our recommendation in the past has always been to maintain the current policy, but perhaps make some movement in the financial audit side, which Staats apparently is willing to defer to charter legislation. Given your concerns with Staats' adamant position on having access to compartmented information, perhaps its time to modify our policy.



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2004/09/24 : CIA-RDP81M00980R001500090014-2



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SECRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Acting Legislative Counsel

EXTENSION

NO.

ER 78-8703/4

DATE

18 MAY 1978

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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18 MAY 1978

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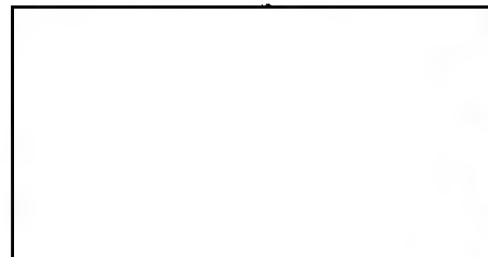
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15.

Attached are my comments requested by you in your memo regarding your conversation with Mr. Staats on GAO access to information.

The GAO Nazi war criminal report is another example of the kinds of problems we face in dealing with GAO. GAO had intended not to release the report and were upset at Rep. Eilberg's press release but that merely points out the lack of control GAO has over studies it does at the request of congressional committees.

FORM
3-62

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78-8703/1

April 28, 1978

OLC #78-0049/3

MEMORANDUM FOR: General Counsel
Legislative Counsel
Deputy Director for Resource Management

FROM : Deputy Director of Central Intelligence

SUBJECT : GAO Audits

X1 1. I met on April 28th with Elmer Staats to discuss GAO audits of the Intelligence Community. After discussion of the [] issue, which Elmer insisted was a Pentagon leak, we got down to the fundamental question of GAO access. Elmer made it clear that he did not intend to reraise the question of audits of CIA; he recognized that he had no statutory authority in this area. But he had unlimited statutory authority to make audits of DoD and State, and he intended to use it.

X1 2. I explained to him the problem of allowing too many people access to intelligence information. I noted that our sources, [] were nervous about Congressional access. Our intelligence effectiveness would be seriously impaired if the erosion of security continued. I noted that the Director had statutory responsibility to protect sources and methods. That statutory responsibility extended to State and DoD. Elmer challenged this, and I said I would ask our General Counsel to look into it. I would appreciate a report.

3. I proposed that all requests for compartmented information be routed through our two Select Committees. Elmer categorically rejected this and maintained that the Committees would, themselves, agree with him. I said this was open to question.

4. Elmer's alternative was that we review the GAO requests on a case-by-case basis. I said this put the Director and me in the unenviable position of having to say no on a selective basis, and this could lead to fundamental misunderstanding with the GAO. Elmer said he comprehended our concern, but saw no other way. He felt he could not back off his responsibility, particularly since he had had access to compartmented information for a number of years.

5. Elmer did say, however, that he would agree to certain restrictions on his auditors. For example, he could agree that all reviews of compartmented information documents would be done in place, and no copies made. He could also agree not to circulate written reports to third agencies. Finally, he could agree that each GAO audit in the intelligence area would be reviewed personally by him or his Deputy.

6. We decided to go back to our respective staffs and reexamine the issue. It seems to me that there is merit to examining Elmer's proposals. A case-by-case review is, in fact, our present policy as I understand it. The restrictions Elmer is willing to impose would at least cut down on the number of requests. A flat "No" on all compartmented clearances would represent a policy change, and would lead to a confrontation.

7. Please give me your reactions.



✓ Frank C. Carlucci

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cc: DCI